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Approved For Release 2002/07/30 : CIA-RDP79T00875A003200430061-8

20 August 1957

Copy No. 136

**CURRENT
INTELLIGENCE
BULLETIN**

DOCUMENT NO. 43
NO CHANGE IN CLASS. X
CLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE: 2010
AUTH: HR 70-2
DATE: 4-1-80 REVIEWER:

**OFFICE OF CURRENT INTELLIGENCE
CENTRAL INTELLIGENCE AGENCY**

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1. POSSIBLE ANTI-AMERICAN MOB VIOLENCE IN SYRIA

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The Syrian press reports that a mass rally to denounce the alleged American conspiracy is scheduled in Damascus for 20 August, according to the American embassy in Damascus. One leftist paper has significantly pinpointed the location in Damascus of the "American colony" with its "tens of houses and hundreds of American families."

Comment

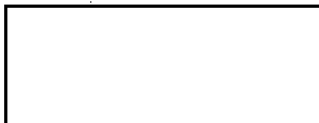
Any mass rally in Syria is dangerous and can lead to a complete breakdown of public order. An anti-American demonstration at this time, instigated and directed by leftist elements, could well result in property damage and injuries to Americans resident in Damascus unless the security authorities take strong measures. Considering the attitude of the present Syrian regime, the mob might not be restrained until after some damage had been done.

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2. SUKARNO REJECTS "POLITICAL DEMOCRACY"

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The central theme of President Sukarno's 17 August independence day speech was that "political democracy" is not feasible for Indonesia and that the country must strive for "social and economic democracy." Sukarno said Indonesia's existing political system had failed because of indiscriminate imitation of foreign institutions, and because the Indonesians felt "that talk and criticism constitute democracy." His social democracy, he said, should "place the interest of the state before group or individual interests." To achieve his objectives, a "disciplined guided democracy" would be necessary.

He devoted the latter part of his speech to a "new life movement" which apparently is devised to reassert Sukarno's concept of discipline. The American ambassador in Djakarta comments that it is not clear from Sukarno's speech exactly what final form the new system will take but it could be either a form of Communism or a Hitlerian national socialism. Whatever the form, it is clear that the most important place at the top will be reserved for Sukarno.

Sukarno stated that the return of Netherlands New Guinea and complete abrogation of the 1949 agreements with the Dutch are prerequisites to the establishment of an economic base for his new democracy.

Comment

The Communist Party has been the only political organization to support Sukarno's concept consistently and vigorously. As a result he has encouraged Communist support and activity, and he can be expected to continue to work with the Communists and to increase their influence in the government as he enters this new phase in the implementation of guided democracy.

3. BRITISH SEEN FAVORING COALITION GOVERNMENT IN LAOS

The British government is inclined to favor an early settlement of the Pathet Lao issue in Laos on the basis of a coalition government, the American embassy in London reports. This stems from concern in the Foreign Office that time is working against the free world in Laos and that the "pot may not be worth the ante."

Comment

The French have long endorsed Laotian Premier Souvanna Phouma's efforts to achieve Laotian unification by means of a coalition with the Pathets while the British, until recently at least, have tended to support American efforts to prevent coalition. In June, however, a British official stated a coalition seemed inevitable and that the main problem was to obtain safeguards against excessive Pathet Lao influence. British concern over the prospects of continued inconclusive negotiations in Laos apparently has been heightened by recent reports of Communist subversive gains in the ten provinces under government control.

Such a shift in British policy at this stage would undermine efforts by the recently achieved alliance of anti-Communist political forces in Laos to block Souvanna's goal of coalition within a few months.

4. TURKEY REBUFFS SOVIET SUGGESTION FOR HIGH-LEVEL ECONOMIC CONVERSATIONS

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Secretary General Esenbel of the Turkish Foreign Ministry has stated that he recently told Soviet Ambassador Ryzhov in blunt terms that Turkey sees no need for any high-level conversations on relations between their two countries. Ryzhov had proposed such conversations in order to settle "certain questions" of an economic nature and to improve relations between the two nations. According to Esenbel, the Turks agreed only that Soviet industrial credit offers are possible subjects for further discussions between the USSR and private Turkish organizations.

Comment

Despite recent indications that the Turks have been considering an expansion of economic relations with the USSR, this report suggests that traditional Turkish fears of Russian economic and political encroachment continue. Ankara may permit or even encourage the private sector of the Turkish economy to take advantage of beneficial Soviet credit offers. The recent acceptance by a Turkish bank delegation of a Soviet offer to build a glass factory in Turkey is an example of the type of agreement that the Turkish government will permit.